

VZCZCXRO8313  
RR RUEHGA RUEHHA RUEHQU RUEHVC  
DE RUEHOT #1869 2781805  
ZNR UUUUU ZZH  
R 051805Z OCT 07  
FM AMEMBASSY OTTAWA  
TO RUEHC/SECSTATE WASHDC 6649  
INFO RUCPDOG/USDOC WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUCNCAN/ALL CANADIAN POSTS COLLECTIVE

UNCLAS OTTAWA 001869

SIPDIS

SENSITIVE

SIPDIS

DEPT FOR WHA/CAN, EB/OMA AND INR

USDOC FOR 4310/MAC/ONA

TREASURY FOR IMI (FAIBISHENKO)

TREASURY PASS FEDERAL RESERVE

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [CA](#)

SUBJECT: CANADA NAMES NEW CENTRAL BANK GOVERNOR

SENSITIVE, BUT UNCLASSIFIED. NOT FOR DISTRIBUTION OUTSIDE USG CHANNELS.

11. (U) Summary: Mark Carney, a 42-year-old rising star from Canada's Department of Finance, will replace David Dodge on February 1 as Governor of the Bank of Canada. Carney has been Canada's Finance Deputy at the G-7, G-20 and the Financial Stability Forum. End summary.

12. (U) GOC Finance Minister Jim Flaherty announced Mark Carney's appointment as the next Bank of Canada Governor yesterday in Ottawa, flanked by Carney and current Governor Dodge, who indicated several months ago that he would not seek a second 7-year term. The announcement had been expected this month, and Carney had been considered a front-runner, along with the Bank's current Senior Deputy Governor Paul Jenkins.

13. (U) However, Carney, like Dodge before him, comes from outside the ranks of career central bankers. Dodge had been an academic and then a star Deputy Minister of Finance; he was credited with managing then Finance Minister Paul Martin's successful assault on the GOC's debt-deficit crisis in the early-to-mid 1990's. While Carney, too, is a Finance star, his earlier career was in the private sector with Goldman Sachs.

14. (SBU) Apart from scheduled interest rate announcements (the next is due on October 16), the Bank of Canada normally receives little press or public attention. However, credit market events of the past two months, plus the recent appreciation of the Canadian dollar to parity with its U.S. counterpart, have put the Bank in the spotlight. Carney's appointment was highlighted accordingly in the national media, with emphasis on Dodge's successful term and on the role of the Bank in economic policymaking.

#### BIOGRAPHY

15. (U) Born in the remote community of Fort Smith, Northwest Territories, Mark Carney is the son of a high school principal who later became a university professor in Edmonton, Alberta. Mark Carney received a bachelor's degree in economics from Harvard University in 1988. He then received a master's degree in economics in 1993, and a doctorate in economics in 1995, both from Oxford University. Carney had a thirteen-year career with Goldman Sachs in its London, Tokyo, New York and Toronto offices. His positions included Co-Head of Sovereign Risk; Executive Director, Emerging Debt Capital Markets; and Managing Director, Investment Banking.

16. (U) Carney was Deputy Governor of the Bank of Canada for fifteen months from August 2003 until his appointment as Senior Associate Deputy Minister of Finance in November 2004. In addition to his domestic responsibilities in the Department of Finance, he also served as Canada's Finance Deputy at the G-7, G-20 and the Financial Stability Forum.

COMMENT

-----

17. (SBU) Post received indications a few weeks ago that Carney might get the Bank of Canada's top slot, but one Bank insider expressed some surprise that Senior Deputy Governor Paul Jenkins had not been named. Perhaps expressing central bankers' traditional reluctance to embrace outsiders, our contact commented that Carney's background lies in the "wheeler-dealer" atmosphere of investment banking as opposed to the minutiae of central bank work. While one press item tried to characterize Carney as "direct" and "arrogant" (in contrast to Dodge's friendly, paternal style), we have found Carney to be not only approachable, but also extremely competent and effective at public outreach.  
Qpublic outreach.

BREESE